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MARK WRAY
Bar No. 4425
403 Hill Street
Reno, Nevada 89501
Phone: (775) 348-8877
Fax: (775) 348-8351
Attorney for Defendants
DAVID HAAS and HAAS
INSURANCE

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

THOMAS A. DILLON, Independent
Fiduciary of Employers Mutual Plans,

Plaintiff,

vs.

JAMES GRAF, et al.,

Defendants.

Case No. CV-N-03-0119-HDM (VPC)

**PRELIMINARY REPORT
OF DAVID HAAS (HAAS
INSURANCE)**

Defendants David Haas and Haas Insurance ("Haas"), through the undersigned counsel, Mark Wray, submit the following preliminary report pursuant to the Court's order of March 26, 2003, Section 3(C).

Preliminary Understanding of Facts

Haas has been sued for professional negligence and for allegedly breaching an alleged agreement or warranty to provide valid insurance. He denies liability.

Haas did not breach any obligations or duties to plaintiffs by placing insurance. He is an independent agent selling for about 30 different companies. He had received information about Employers Mutual but initially did not place any coverage. After an enrollment program, the coverage was sold by another local agent to a casino. Haas talked to the agents association and was told it was a good product that paid its bills. Haas met with the third party administrator for

1 Employers Mutual and the office in Carson City. From his inquiries, including contacts in the
2 industry and with the carrier, Haas reasonably believed it was a valid program.

3 Critical Factual and Legal Issues

4 The plaintiffs' case apparently is built on the premise that as an independent agent, Haas
5 is liable for any type of fraud on the part of anyone that leads to an unpaid claim. Haas asserts
6 that this is not the standard of care for independent insurance agents.

7 Haas denies that any warranty liability theory is applicable to him in this case.

8 With respect to negligence, Haas cannot be charged with responsibility for the type of
9 background investigation that the plaintiffs allege. He does not check out the backgrounds of
10 insurance executives and owners. He is not an underwriter and he does not bind insurance.

11 Haas asserts he acted reasonably and in accordance with his obligations as an insurance
12 agent in placing the coverage.

13 Haas cannot respond in damages even if the plaintiffs prevail on their legal theories
14 against him. Plaintiffs allege damages of over \$400,000 against Haas personally. Haas' carrier
15 has denied both defense and coverage for the claim.

16 LIST OF AFFILIATED COMPANIES AND COUNSEL

17 None

18 LIST OF RELATED CASES

19 The plaintiffs report that a case pending before the Honorable David Hagen in this
20 District apparently is "substantially similar" to the instant case. The plaintiff reports that case is
21 *Chao v. Graf*, Case NO. CV-N-01-0698-DWH-RAM. Haas is not a party in that case.

22 DATED this 30th day of July, 2003.

23 

24 MARK WRAY
25 Attorney for Defendants
26 DAVID HAAS and HAAS INSURANCE
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Robert L. Brace
Hollister & Brace
1126 Santa Barbara Street
Santa Barbara, California 93101

Demix Earleley